GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:1135
ANSWERED ON:01.08.2005
UPGRADATION OF FPI
Sidhu Shri Navjot Singh

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether there is lot of potential of growth in Indian Food Processing Industries but it is starved of investments;

(b) if so, the facts thereof; and

(c) the steps being taken to upgrade the FPI?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES(SHRI SUBODH KANT SAHAI)

(a) & (b): As per the report of M/s Rabo India Finance Private Limited, agro processing in India has got vast potential and accordingly processed food industry should aim to grow at about 10% per annum between 2005-2015. The investment required in building the processing capacity, infrastructure and market development is estimated to be Rs. 99,700 crore for this period.

(c) : Government has formulated and implemented several Plan Schemes to provide financial assistance for establishment and modernization of food processing units, creation of infrastructure, support for R&D, human resource development besides other promotional measure to encourage development of food processing industries. Recently, in order to give boost to growth of FPI sector the Government has allowed under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. Excise duty on meat, poultry and fish products has been reduced from 16% to 8%. Excise duty on food grade hexane used in edible oil industry has been reduced from 32% to 16%. A National Horticulture Mission has been launched w.e.f. 1st April 2005 with an objective to boost the horticulture sector. In the Budget of 2005-06 excise duty of Rs. 1.00 per kg on refined edible oil and Rs. 1.25 per kg on vanaspati was abolished. Customs duty on refrigerated vans was reduced from 20% to 10%.